justification there is for this oft-repeated complaint. Taxation, I own, is not a sweet pill for any one to swallow, and I can well appreciate the unwillingness of the average citizen to rise superior to the natural desire of being left alone in all that affects his pocket. In my address last year, I pointed out that the improvements and reforms adumbrated by the Government meant additional expenditure, and that it had become necessary to tap fresh sources of revenue. A tax on incomes has, as you are aware, been imposed with effect from the beginning of the current financial year. This measure, one of the main effects of which is the equalisation of the burden of taxation, was practically courted by the country, and has, Government are glad to note, received general approbation. The nature of this tax is, however, such that it is likely to cause undeserved hardship if worked without the greatest care and caution in its initial stages, and in the circumstances it would be a matter for congratulation if the estimate of four lakhs of rupees put down in the budget of 1097 under this head is not falsified by the results at the end of the year. From a perusal of Chapter II of the Administration Report for 1090 Placed in your hands you will learn that the transactions of that year have resulted in a deficit. This deficit could no doubt have been converted into a nominal surplus by the starvation of some of the essential departments, but that is not the policy that the Government have chalked out for themselves, nor is it one that would meet with the approval of a cultured and progressive people. The year 1096 was not a bright one from the view-point of the financier. It was characterised by a tightness of the money market and a depression in trade and business activities which reacted detrimentally on the revenues of the State, not only directly in the smaller sales of timber, but indirectly also in the institution of suits, the registration of documents and even the consumption of salt. The outlook for the current year is by no means more rosy and the expenditure of the year has already begun to show signs of outstripping its revenue. The facts and circumstances being these, I have no doubt whatever that, when you examine them with a sense of responsibility, you would be convinced of the reasonableness of the few other measures of taxation which the Government have been obliged to adopt in the past year and which consist in a small increase in the Anchal rates and in the process and copying fees, and in a nominal enhancement of the duty on tobacco. One other item of taxation, viz., the market fee has been introduced as a necessary corollary of the working of the Markets Regulation, passed so early as 1092 M. E. The rates of tolls on roads and license fees for boats have also been slightly raised with effect from the beginning of the current year. These additional imposts, in themselves light, are a mere bagatelle by the side of those levied in other countries all the world over, to tide over the present universal financial crisis which is the aftermath of the war. Take for instance the new taxes proposed to be imposed in the Madras Presidency where the earning power of the people is not superior to that in Travancore. There, an income of Rs. 70 lakhs is proposed to be earned by increased taxation on court fees and stamps alone, and of another 8 lakhs by an enhancement of registration fees, the ratio of increase in the case of stamps varying from 50 to cent. per cent. We are passing through a peculiar time when every nation has to pay a pecuniary penalty for forging ahead, and I need hardly say that, if we want the amenities of a civilised administration with all the activities and enterprises they involve, we should be prepared to shoulder even greater burdens when necessary. Government, however, derive no small consolation from the thought that the responsibility for the imposition, if need be, of fresh taxes will hereafter largely devolve on the representatives of the people under the reformed constitution.

28. Municipal Councils.—Last year I explained in detail the several ways in which the Government were endeavouring to democratise municipal administration under Regulation V of 1095. Under this Regulation the privilege of electing non-official Presidents has been conferred on 15 out of the 19 Municipal Councils in the State, the municipalities of Mavelikara and Alwaye being under nominated non-officials and those of Colachel and Trivandrum alone under officials. I may add that the hesitancy of the first three municipalities is alone responsible for the above privilege being not extended to them, and that, so far as Trivandrum is concerned, the

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willingness of the Government to give it a non-official President under certain conditions was communicated to that council several months ago and that the matter is still under the consideration of that body. All the councils without exception have been allowed the privilege of having elected non-official vice-presidents and many of the councils have already exercised that privilege. The reconstituted councils have not yet had time to settle down to work, and it is too soon to dogmatise on their attitude or achievement in fiscal and other matters. Government trust that the members of these councils would rise to a full sense of their opportunities and responsibilities and succeed in making them real, living institutions. The transfer of minor roads and primary schools within municipal limits to the control of the councils concerned is receiving the consideration of Government.

29. The Bill for the constitution of administrative panchayats in rural areas is ready for publication. Government have not yet come to a decision in regard to the desirability of creating District Boards. The Ezhava Bill and the Nair Regulation Amendment Bill have been postponed for the consideration of the new Legislative Council. The Committee appointed to examine the customary law relating to marriage and inheritance among Nanjanad Vellalas has just submitted its report, and it is now engaging the attention of Government.

30. Legislative Council.—I have already touched upon most of the legislative activities of the Government during the period, but by far the most important legislative measure still remains to be mentioned. I refer to Regulation II of 1097, passed with the object of bringing into existence an enlarged Legislative Council with a substantial elected non-official majority and endowed with considerably larger powers than those possessed by the Council which it supersedes. The concomitant Regulation, IX of 1097, having for its object the prevention of corrupt practices at legislative elections, needs no separate mention. I do not propose to dilate on the new Legislative Council Regulation and the rules framed under it, beyond inviting your pointed attention to the fact that they constitute the largest measure of constitutional reform ever yet inaugurated in an Indian State, and I want you to remember that such a liberal measure would not have been possible but for your good fortune in possessing as your Ruler His Highness Sri Mulam Tirunal whose constant watchword is the progress and prosperity of his subjects in all possible directions. Besides the usual power of asking questions, both original and supplementary, and moving resolutions, the new Council has been given a very substantial share in the actual administration of the State in the shape of the right of voting on all heads of the budget except a few which have been reserved for very special reasons. It is unfortunate that even this uniquely generous measure of reform, which has gone considerably farther than the demands made by the representatives of the people themselves, has been without trial characterised in certain quarters as inadequate and unsatisfactory. Government have no doubt that these discordant notes do not echo the real voice of the people and they confidently look to all loyal subjects of His Highness the Maha Raja to willingly cooperate with them in making this great constitutional experiment a success.

31. Sri Mulam Popular Assembly.—The rules regulating the constitution and conduct of the Sri Mulam Popular Assembly have been revised, as promised, and the draft revised rules have been just published in a supplemental issue of the Gazette. In regard to the qualifications of members and electors and the procedure connected with the conduct of elections, etc., these rules closely follow those framed to give effect to the new Legislative Council Regulation, while an attempt has also been made to methodise the work of the Assembly and avoid repetition. Eighty-five of the members of the Assembly will be elected and fifteen alone nominated under the new rules and members once elected will continue to be so for three consecutive sessions. Your suggestions on the draft rules would be most welcome, and they will receive careful consideration at the hands of the Government before they are finally passed.

32. Devaswoms and Land Revenue.—After a careful consideration of the report of the Devaswom Separation Committee, Government have decided to

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